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THE

Demand and Price

SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

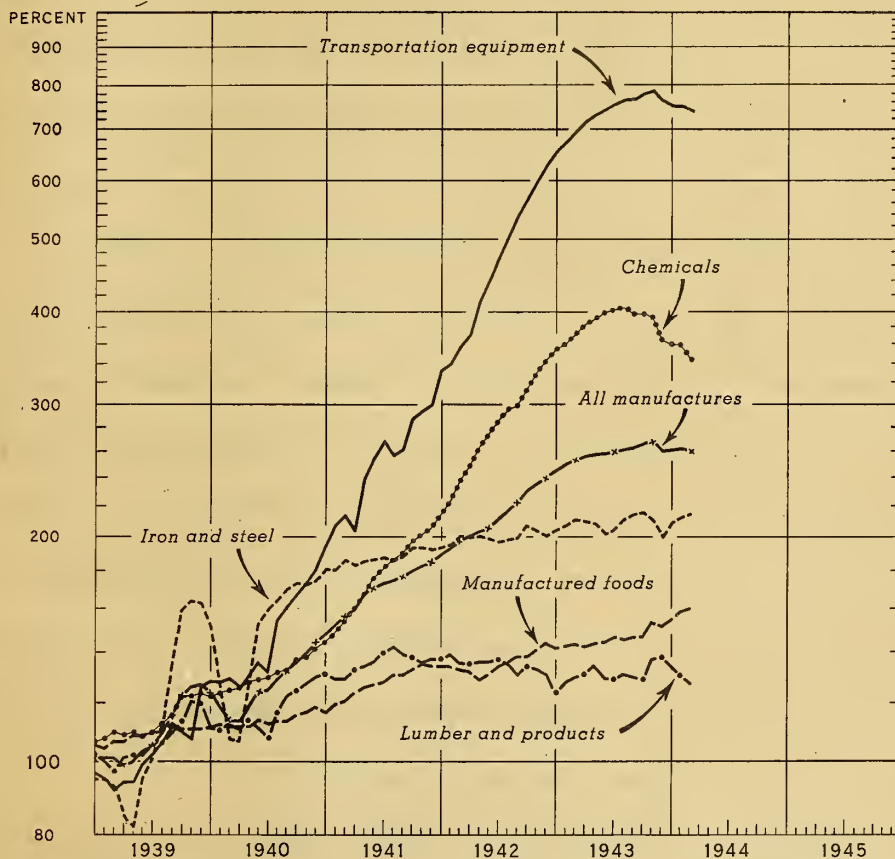
WASHINGTON, D. C.



MAY 1944

PRODUCTION OF MANUFACTURES; TOTAL AND BY GROUPS OF INDUSTRIES, UNITED STATES, 1939-44

INDEX NUMBERS (1935-39=100)



U. S. DEPARTMENT OF AGRICULTURE

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BUREAU OF AGRICULTURAL ECONOMICS

Since 1939, there has been a very large increase in the output of manufactures in the United States. The index of production of all manufactures (1935-39=100) reached 268 in November 1943. It was 260 in March 1944. The output of transportation equipment and of chemicals has increased much more than that of most other industries. Aircraft and ship building are included as part of transportation equipment, and explosives and ammunition as part of chemicals. Also, many of the goods produced by these industries are more highly fabricated than are most peacetime commodities, which accounts for part of the rise in production.

The production of iron and steel, which provides the raw material for much of the transportation equipment, has more than doubled, but this is only about 28 percent of the increase in transportation equipment.

The production of manufactured food products has increased nearly 60 percent since 1939, and of lumber about 40 percent, although during the past few months lumber production has been declining.

DEMAND FOR FARM PRODUCTS

There is increasing evidence that the extremely high level of industrial activity, occasioned by the war, reached a peak last fall and has since been declining slowly. The seasonally adjusted index of industrial production was 242 in March 1944, ^{1/} which is 5 points under the peak in November 1943. However, it is still 7 points above March 1943.

Recent declines in production have been fairly general throughout industry. For instance, the seasonally adjusted index for all manufactures was 260 in March 1944 as compared with the peak of 263 in November 1943. The index for durable goods manufactures was 366 in March and 376 in November, and for nondurable manufactures it was 175 in March and 180 in November. The adjusted index of production was lower in March 1944 than in November 1943 for the following industries: Lumber and lumber products, nonferrous metals, stone clay and glass products, machinery, transportation equipment, chemicals, printing and publishing, and tobacco products. It was higher for iron and steel, leather and leather products, and for manufactured food products. To a large extent, these trends reflect changing military demands, with more attention being given to the size of the armed forces and somewhat less to the effect on production of drafting men from war industries.

Recent declines in civilian employment reflect the pressure of the military services on the labor supply. The total number of civilians employed in nonagricultural work in March 1944 was 36,946,000 persons. This is 1,538,000 or 4 percent less than the peak employment in June 1943. At present, labor shortages are particularly acute in the lumber and cotton textile industries. Agriculture's labor supply has also declined. The number employed on May 1, 1944, was 10,068,000, compared with 10,492,000 one year earlier.

^{1/} Federal Reserve Board, 1935-39 = 100.

Contrary to recent trends in industrial production and employment, total income payments to individuals continued to rise through February 1944, in which month the seasonally adjusted index reached 230.9. 2/ However, the upward movement was broken in March when the index declined to 229.5. Non-agricultural income payments have moved in the same direction as total income payments; the index reached a peak of 225.1 in February 1944 and declined to 224.3 in March.

It is not likely that either industrial production or income payments will show any marked drop while the war continues in both Europe and Asia, because over-all military demands probably will be maintained or increased during this period. However, some further small declines in industrial production are quite possible, particularly in industries where military needs are not particularly pressing. This may happen because unexpected changes in the military situation may indicate a need for more of some types of war goods than was originally planned and less of others. Even partial reconversion of some industries to the production of civilian goods may cause small declines, particularly during the period of reconversion. Of course, unfavorable military developments might intensify the need for war goods and cause industrial production to again rise. Not only has the country reached a state of substantially full employment with a considerably lengthened workweek, it has also greatly increased the output per man-hour. Possibilities for further increases in output with the same or a smaller number of employees are much less than they were at the outbreak of war.

May 17, 1944

FOOD RATIONING AND THE PRICES
OF AGRICULTURAL PRODUCTS

The office of Price Administration, on the basis of determinations of the supply situation made by the War Food Administration, has recently reduced 2/ Department of Commerce, 1935-39 = 100.

the point value of all meats to zero, except beef steaks and roasts, and has reduced the point value of butter and margarine.. It has increased the number of canned vegetables which are free of ration points, and reduced the point value of several other canned goods. The supply of most foods available for civilian use for the next few months is adequate in relation to the present demand under controlled prices. Also shortage of storage space has made it desirable to move some of these commodities into the hands of consumers at a more rapid rate. It is expected that per capita civilian food consumption in 1944 will be about the same as it was in 1943, although more than one-fourth of the total food output will be needed to meet war requirements. During the first four months of 1944, civilian consumption has been at a somewhat higher rate than the average for 1943. Prospects for the next few months are relatively good for a number of foods, including potatoes, eggs, meat, dairy products, fruits and vegetables.

The index of prices received by farmers in April 1944 was 196. 3/ This is the same as the index for March and one point under April 1943. The wholesale price of farm products also remained constant from March to April, and the April 1944 index of 123.6 4/ was a fraction of a point under April 1943. A more significant decline has occurred in the retail prices of food. The index of the cost of food in large cities was 134.1 in March 1944, compared with a peak of 143.0 in May 1943 before price adjustment payments were begun and 137.3 in November after the price adjustments had become effective.

Further slight declines in food prices during coming weeks, while current marketings are at a high rate, are possible. However, there is no reason to anticipate any significant change in the present high level of demand for the food produced in this country until sometime after the cessation of hostilities in Europe. Consequently, no large change in food prices as a whole is likely until the European war is over. Price controls will prevent any general increases if food shortages should again develop.

CURRENCY IN CIRCULATION

The volume of currency in circulation in the United States, outside the Treasury and Federal Reserve Banks, has been increasing at a rapid rate throughout the war. The amount reached 21.5 billion dollars at the end of April 1944, as compared with an average of 7.6 billion in 1939 and 5.5 billion in 1933. It has been estimated that, "Currency in the hands of individuals, as distinct from that held by business (incorporated and unincorporated), is now probably well over \$100 per capita, or around \$450 per average family. It is clear that the average family has no need of this volume of currency for transaction purposes." 5/

The increase in the volume of currency in circulation has been continuous since 1933. However, the amount of the annual increases was less than one billion dollars until 1940. The increase in 1940 over the previous year was 1.1 billion dollars; in 1941 it was 2.4 billion; in 1942, 4.2 billion; and in 1943, 5.0 billion dollars. The rate of increase during the first three months of 1944 was somewhat less than the average for 1943, but this appears

3/ August 1909 to July 1914 = 100.

4/ 1926 = 100.

5/ Federal Reserve Bulletin, April 1944, p. 319.

to have been greatly influenced by the Fourth War Loan Drive. The rate of increase in currency was roughly proportional to the increase in bank demand deposits until the beginning of 1942, and to the growth of wage and salary payments until the end of 1942. Since 1942, currency in circulation has increased more rapidly than either demand deposits or wage and salary payments.

There are various reasons for the increased use of currency by individuals. A large part of wartime increases in income payments has gone to people in the lower and middle income groups, who customarily make less use of bank accounts than do other classes. Higher prices have also created a need for more currency, both on the part of individuals and many types of business concerns. "Black market" operations and attempts to avoid the payment of taxes may account for part of the increase.

There is no way of measuring the amount of increase in currency which can be attributed to these and similar factors. However, there is reason to believe that they do not account for anywhere near all of the increase. One indication of this is the fact that the amount of currency of large denominations (\$50 and above) in circulation has been increasing more rapidly than that in smaller denominations. From January 1943 to January 1944 the increase was 45.5 percent for large denomination currency as compared with 27.0 percent for small denominations.

The increase in currency in circulation constitutes only one form of liquid assets now held by individuals in much larger amounts than existed prior to the war. Other important forms are bank deposits and Government bonds. However, the holding of very large sums in the form of currency, serves to increase rather than to ease the financial problems of the banks and the Government.

There is nothing in recent trends to indicate any permanent slackening of the increase of currency in circulation. This situation contributes to inflationary possibilities for the post-war period, particularly if controls over prices and wages are relaxed and taxes are greatly reduced. 6/ However, it is not likely that the demand for farm products will be affected significantly while the war continues.

FARM INCOME AND PRICES

The index of prices received by farmers for May is expected to drop slightly. Prices for livestock and livestock products probably will not change, but crop prices may be a shade lower. A slight increase in total receipts from farm marketings in May, as compared with April, might be looked for.

Total income from farm marketings in April will be about 1,404 million dollars. Crop sales in April were somewhat below those in March, but average prices of all crop groups were slightly higher, except those for

6/ Survey of Current Business, January 1944, p. 20.

truck crops. Prices of poultry and eggs dropped 7 percent while dairy product prices made a smaller percentage decline. Prices of meat animals remained about the same. Prices of total livestock and livestock products fell off nearly 2 percent, which offset the increase in crop prices, and the index of prices received by farmers for all farm products in April was the same as for March.

Slaughter of all animals in April maintained record levels for the month. Hog slaughterings were especially high, making a gain of 41 percent in federally inspected plants over the same month last year. Slaughter of cattle and calves was also high, but sheep and lambs fell off to the lowest mark for the month since 1940.

The number of laying hens on hand during April, which was 5 percent greater than for April last year, produced 4 percent more eggs than in the same month last year and 3 percent more than in March 1944. Milk production in April was about the same as for April 1943 but 5 percent greater than for March this year.

Total income from farm marketings for March was 1,433 million dollars compared with 1,343 million dollars for February and 1,310 million dollars for March 1943. Wheat, vegetables, and fruits and nuts made gains in income in March that were greater than ordinary in relation to February and accounted for most of the unusually high income from crops during March.

Income from calves was greater than usual in comparison with February, while receipts from cattle, hogs, and sheep and lambs were lower than usual.

Increased sales of milk sold at wholesale at slightly lower prices, larger quantities sold at retail at about the same prices, and greater sales of butterfat at slightly higher prices resulted in an increase in income for dairy products as a whole that was nearly as large as ordinarily occurs.

The number of chickens and broilers sold was somewhat greater than usual, which accounted for the relatively large gain in receipts from poultry and eggs. Total receipts from livestock and livestock products failed to make the customary increase over February.

COTTON

Cotton prices have averaged slightly lower this month than last. During the month ended May 15, the average 10-market price of Middling 15/16" was 20.96 or 17 points less than a month earlier. The parity price of cotton in April was 21.08 cents per pound, the same as the revised figure for March and for February, and 1.35 cents higher than a year earlier. The farm price of cotton was 20.24 cents per pound in mid-April or 4 percent below parity. This compares with 20.13 in mid-April 1943, which at that time was 2 percent above parity.

Although total consumption in April (776,077 bales) was 14 percent under March and the smallest of any month since November 1940, the consumption per working day was equivalent to an annual rate of 10,164,000

bales. This annual rate compares with an annual rate of 10,103,000 bales in March and an annual rate based on the average daily consumption from August through April of 10,112,000 bales.

The final crop report on the 1943 season reveals the acreage in cultivation on July 1 to have been 21,942,000 acres with 21,652,000 acres harvested, the smallest since 1895. The 1943 yield was 253.5 pounds per acre, the third highest on record, having been exceeded only in 1937 and 1942. Production totaled 11,427,000 bales, 500 pounds gross weight, equivalent to about 11.1 million running bales, 4 percent less than the 1938-42 average.

Cotton farmers have received slightly less from their 1943 cotton crop than they received from the larger 1942 crop. Nevertheless, their returns are far above the average during the decade of the 1930's and during the period 1909 through 1913. The weighted average price received by farmers to April 1 was 19.8 cents per pound for lint and \$52.08 per ton for seed. Assuming these prices as the average for the crop as a whole, and the sale of all of the 11,427,000 bales of lint produced, returns from marketings from lint and seed would total about 1,341 million dollars. This would compare with about 1,426 million dollars in 1942. The inclusion of Government payments would raise these totals to 1,415 million this season and 1,506 million in 1942. The 1943 total, including Government payments, is 76 percent higher than the average returns during the decade of the 1930's, 62 percent more than the average from 1909 to 1913, and 3 percent higher than the average for the decade of the 1920's.

The decline from 1942 is accounted for by reductions of 10.8 percent in the production of cotton, (4.2 percent in the harvested acreage of cotton, and 6.9 percent in the average yield per acre) and 6.9 percent in total Government payments, the combined effect of which more than offset the higher prices for lint and seed. When reduced to a per-harvested-acre basis, returns from marketings averaged \$61.92 this season. This compares with \$63.08 last season. Inclusion of Government payments raises these figures to \$65.37 for 1943 and \$66.62 for 1942. These compare with averages of \$26.57 per acre during the 5 years 1909 to 1913, \$36.06 during the decade of the 1920's, and \$27.06 during the decade of the 1930's. In fact, the returns per acre in 1942 and 1943 have been exceeded only in 1919 when the return was \$69.25 per acre.

According to the Weekly Weather and Crop Bulletin of the Department of Commerce, considerable cotton had been planted in the Southeastern States up to May 9. This was especially true in South Carolina, although Georgia and Alabama also reported better progress than in previous weeks. Progress in the Delta States and in Oklahoma was still slow because of unfavorable weather. In southern Texas, chopping continues and the plants are beginning to bloom, but in most other areas of the State most of the acreage remains to be planted. In New Mexico seeding was about completed, favorable progress has been reported from Arizona and warmer weather in Colorado was helpful.

CORN AND OTHER FEED

Prices received by farmers for feed grains advanced about 1 cent per bushel during April, reflecting the continued strong demand for all kinds of feed concentrates, and continuing the very moderate upward trend recorded in recent months despite ceiling prices at other levels of distribution. Supplies of feed grains and other feed concentrates continued short in relation to almost unprecedented demand. The volume of weekly receipts of feed grains at terminal markets continued much below average during April. Receipts at mid-May, however, were increasing from levels of previous weeks and in the case of barley were larger in the week ended May 6 than for any other week since November 1943. Average prices of feed grains are not likely to show much change from present levels, at least until new-crop grain becomes available.

Effective April 25, sales of corn from farms or elevators in 125 designated counties in Nebraska, Iowa, Minnesota, Illinois, and Indiana were restricted, with certain exceptions, to Commodity Credit Corporation. The program was put into effect after corn processors engaged in producing products for war use were unable to obtain adequate supplies of corn for operation. The program is to be for a period of 60 days from the effective date, unless adequate supplies of corn are obtained for the processors before that time. Farmers in the designated area are provided with shelling service and transportation of the corn, and receive local elevator prices for the corn sold to Commodity Credit Corporation.

Hay and pasture conditions are relatively favorable this spring. As of May 1 the condition of tame hay was reported at 83 percent, compared with 81 a year earlier and with 78 for the 10-year (1933-42) average for the same date. Pasture condition on May 1 was reported at 79 percent, compared with 78 on May 1, 1943, and with 74 for the 10-year average.

Notwithstanding the favorable condition of tame hay and pasture on May 1, the prospective total supply of hay this year (1944 production plus carry-over) is likely to be smaller than for any year since 1937. Stocks of hay on hand May 1 amounted to 10.3 million tons, 23 percent below the relatively large stocks on May 1, 1943.

WHEAT

Cash wheat prices have continued generally at about ceiling levels. During the past month, prices at Portland, which have remained below the ceiling, advanced to within 2 cents of such levels. Prices of the July futures, however, reflecting the improved new crop conditions, have lost about 3 cents at Chicago and 1 cent at Minneapolis, and are now about 8 and 1 cents, respectively, under ceilings.

The winter wheat crop continued to improve during April. The May indication, at 662 million bushels, is 60 million bushels above that of a month earlier. Such a crop would be one-fourth larger than the 1943 winter wheat crop and 16 percent above the 10-year (1933-42) average. Rain and snow since January 1 have largely offset effects of the shortage of soil moisture at seeding time last fall in much of the Great Plains. April weather further favored

soft winter wheat in the important States of Ohio, Indiana, and Illinois. Some flood damage was encountered in Illinois and Missouri, which, in the latter State, reduced prospects slightly below a month earlier.

Assuming spring wheat yields equal to those of the post-drought years on the acreage reported in intentions, and including the May estimate for the winter crop, the indicated 1944 production of all wheat would be approximately 885 million bushels. A crop of this size would take care of all the wheat needed for domestic consumption as food as well as for seed, normal feeding, moderate use for alcohol and moderate exports. While the increased prospects in April have eased the supply situation, the crop in prospect would still not be large enough to take care of above-normal feeding and very large exports; these would necessitate substantial imports if our reserves are to be maintained at a desirable level.

Wheat stocks on April 1 totaled 542 million bushels, consisting of 218 million on farms, 66 million in interior mills and elevators, 124 million in commercial centers, 96 million in merchant mills and elevators, and 38 million of Commodity Credit wheat in transit and in steel and wood bins. Of the total 542 million bushels, 114 million were owned by the Commodity Credit Corporation and 65 million were still under loan. In early May all but 22 million bushels, which represented farm storage of 1943 wheat, were liquidated or in process of liquidation. Total April 1 stocks in 1943 were 900 million bushels, and the 10-year (1933-42) average was 423 million bushels.

FATS, OILS, AND OILSEEDS

Prices of fats and oils in major wholesale markets remain at ceiling levels, with only minor exceptions, as a result of continued large Government purchases to meet military needs and lend-lease requirements, together with expanded civilian demand for food fats and oils under recently reduced ration-point values. The index number of wholesale prices of 27 major fats and oils remained in April for the tenth consecutive month at 108 percent of the 1924-29 average. Prices of fats and oils probably will remain at or near ceiling levels during the remainder of 1944. Production and stocks will decline seasonally until October. With a reduced pig crop in 1944, total output of fats and oils in the United States in 1944-45 (October-September) is likely to be materially less than in 1943-44. Also, to the extent that the European demand for fats and oils reenters world markets, the stringency of supplies in the United States will be intensified. European import demand would not only increase the demand for exports from the United States but would compete in foreign markets with the demand for imports to the United States.

Average prices to growers for soybeans and peanuts in mid-April, at \$1.91 per bushel and 7.63 cents per pound, respectively, were slightly higher than a month earlier, largely reflecting the increased proportion of sales for seed at this time of the year. The average price to growers for flaxseed was \$2.86 per bushel, up 1 cent from a month earlier, but the price for cottonseed was down 20 cents per ton to \$52.50.

Stocks of fats and oils increased rapidly in late 1943 and early 1944, reflecting a high level of production, restrictions on civilian uses, and a

scarcity of available ocean shipping space in 1944, which prevented exports at the rate originally scheduled. Factory and warehouse stocks on April 1 totaled 2,552 million pounds (crude basis) compared with 2,050 million pounds a year earlier. More than half of this increase was in butter and lard (mostly the latter) held in cold storage by the War Food Administration or the Dairy Products Marketing Association. Commercial stocks of fats and oils, while now substantially greater than a year ago, are still insufficient to meet the demand that would become effective, at ceiling prices, if restrictions on uses and inventories of fats and oils were removed.

LIVESTOCK AND MEATS

There is little prospect for improvement in hog prices until most of the hogs from the 1943 fall pig crop, which are now being marketed in volume, have been marketed, although ration point-free pork will improve the effective demand for pork and hence for hogs. Although a seasonal reduction may be expected in August, relatively large marketings are expected through September 30, at which time the support price will be lowered from \$13.75 to \$12.50 at Chicago. The support price will apply to Good and Choice butcher hogs weighing from 200 to 240 pounds, instead of the 200- to 270-pound weight range now supported. As an emergency measure, Good and Choice butcher hogs weighing 180 to 200 pounds were included under the support price program beginning May 15. Hog prices have been at the support level at Chicago since the last week in April. Since that time more hogs were marketed than packers wanted at support prices, so sows and butcher hogs outside of the support price range (200 to 270 pounds) have been severely discounted in price. Also unsold hogs at the end of the marketing day have been common at most markets, and hogs carried over to the next day were largely those in the support weight range.

Prices for Good and Medium steers and Good cows are now at the highest levels of the year. The removal of ration points from most beef items caused an immediate increase in the demand for slaughter cattle. Marketings have continued large throughout the first half of May. Prices for the better grades of slaughter cattle are now about as high as they were at this time last year. For the Medium and lower grades, prices are lower. With the prospect of a larger slaughter of cattle throughout the remainder of the year than the corresponding period last year, it is expected that prices for all cattle will not average as high for the rest of 1944 as in the same period in 1943.

A 6-percent decrease from last year in the size of the early spring lamb crop, poor development of lambs in California (the principal early lamb State), and the prospect of a smaller total late lamb crop this year than last, will probably be reflected in lamb prices somewhat higher than last year for the remainder of 1944. The average price received for Good and Choice wooled lambs at Chicago for the week ended May 13 was \$15.96, compared with \$16.57 for the week ended April 15, and \$15.72 for the week ended May 15, 1943.

All meats, except beef steaks and roasts, were made ration point-free on May 4. This action was brought about by a meat output during the first 4 months of the year very much greater than last year, a lack of storage

facilities to store additional meats, and a reduced outlet for meat because of smaller purchases by the War Food Administration in recent weeks.

Total meat production under Federal inspection for the first 3 months of the year was 5,139 million pounds, 32 percent greater than output in federally inspected plants during the same period in 1943. Pork output, under Federal inspection, for the first 3 months was almost 3,101 million pounds, 45 percent greater than in the first quarter of 1943.

Contracts let by WFA for the purchase of pork during April were approximately 89 million pounds on a dressed-weight basis, compared with March purchases of 185 million pounds and February purchases of 237 million pounds.

Total meat and edible offal stocks in commercial warehouses and packing plants were at a high on March 1 of almost 1.3 billion pounds, 49 percent greater than March stocks for the previous 5-year period, and were only slightly lower on April 1 and May 1. Freezer storage space in meat packing plants for the country as a whole on May 1 was reported to be 87 percent occupied; cooler storage space was 95 percent occupied.

WOOL

The average price received by farmers for wool on April 15 was 39.7 cents per pound compared with 42.1 cents on April 15, 1943. Through the CCC, the Government has agreed to buy the entire 1944 domestic clip at ceiling prices. The present ceiling is about \$1.13 per pound for fine wool, 64s and finer, average to good quality, 2-1/2 inches and longer, on a scoured basis at Boston. On April 7, foreign wools of similar grade sold at \$1.05, or about 13 cents per pound below the price of domestic wool, on the Boston market, largely reflecting the issue or sales prices of the United States and British Governments.

Wool top prices on the New York future exchange have advanced about 4 cents since April 1 and the May option is now quoted at about \$1.30 per pound. However, deferred futures are selling at a considerable discount.

Demand for domestic wools for army contracts was relatively large in the spring of 1943 and dealers had contracted large quantities of wool at relatively high prices before the Government purchase program began on April 25, 1943. Commodity Credit Corporation purchased 268 million pounds of domestic wool from the beginning of the program April 25, 1943, through April 22, 1944. Only a small quantity of wool from the 1944 clip had been appraised for purchase by mid-April 1944. The average appraisal value of shorn grease wool purchased was 47 cents a pound, Boston basis. This value includes transportation and appraisal and handling charges which are deducted in determining the net price to growers. Sales through April 22, 1944, totaled 97 million pounds and unsold stocks on April 22 totaled 171 million pounds. The greater part of the stocks on hand were wools grading 60s and finer. Small sales indicate a preference for the lower priced foreign wools. Army orders are the chief outlet for domestic wool.

Weekly average mill consumption of apparel wool in March was 11.2 million pounds scoured basis, compared with 11.7 million pounds in February, and

12.6 million pounds in March 1943. Consumption in March was at an annual rate of 614 million pounds. Mill consumption is expected to continue relatively large during most of 1944, but it may be smaller than the record 1943 consumption of 592 million pounds (scoured basis).

Government orders for wool fabrics have been substantially reduced since the early part of 1943, and probably will continue at a reduced level in 1944. Incomes of consumers are large enough to support a civilian consumption much above the present level, but mills have limited acceptance of new orders, chiefly because of the difficulty of obtaining additional labor and of uncertainty as to the exact quantities of material which will be required by the Government.

DAIRY PRODUCTS

Prices received by dairy farmers declined less than the usual seasonal amount from mid-March to mid-April, with milk prices in April averaging slightly higher than a year earlier, and butterfat prices down slightly. Feed prices are up sharply from last year; the amount of the increase is more than offset by the milk payment, but not fully offset by payments to butterfat producers. Including an allowance for dairy production payments, the milk-feed ratio was 1.37 in April compared with 1.34 a year earlier, while the butterfat-feed price ratios were 24.6 in April 1944 and 25.6 in April 1943. Prospects are for the milk-feed price ratio to continue more favorable during the rest of 1944 than in corresponding periods of 1943 because of the production payment, and for the butterfat-feed price ratio to become more favorable than a year earlier by June and to remain more favorable during the rest of 1944.

Dairy production payment rates for the 11 months through March 1945 were announced by the War Food Administration in April. The new rates from May through August -- 35 to 65 cents for whole milk and 6 cents for butterfat -- will be 15 cents per hundredweight lower than the March-April rate on milk and 2 cents per pound lower on butterfat. From September 1944 through March 1945, the rates will be increased 25 cents per hundredweight on milk and 4 cents per pound on butterfat.

Civilian supplies of fluid cream, fluid milk byproducts, and ice cream will be increased in May and June as a result of new higher quotas set by the War Food Administration. The increases were made to facilitate complete utilization of expected larger-than-usual seasonal increases in milk production. Civilian supplies of butter and American cheese during May and June, after required quantities are set aside for sale to Government agencies, may be slightly larger than in corresponding months of 1943, but creamery butter supplies for civilians will be smaller than during March and April of this year.

Milk production on farms in April was fractionally less than in April 1943. April was the first month this year in which milk production failed to increase more rapidly than a year earlier. Combined production of manufactured dairy products, milk equivalent basis, made a greater increase from February to March this year than in any year since 1926. The increase resulted from the more-than-seasonal increase in milk production from February to March, coupled with limitations on fluid milk and cream sales that prevented the usual seasonal

increase in sales of those products. Output of all the major manufactured dairy products, including butter, cheese, and evaporated milk increased more than seasonally. Dried whole milk production declined contra-seasonally as production for domestic use was cut back to the 1942 level by WFO 93. Despite the cutback, dried whole milk output in March was above a year earlier. Evaporated milk production also was higher than in March last year, but butter and American cheese production were still below a year ago. Wholesale prices of manufactured dairy products continued at ceiling levels.

POULTRY AND EGGS

Demand for poultry has been sufficient to absorb the record supplies for this season of the year at fairly steady prices, despite the fact that ration point values of most meat cuts have been reduced to zero. In some instances, wholesale prices of live birds were a little below recently increased ceilings, but prices of dressed birds have continued steady at the ceilings.

Wholesale prices of eggs in mid-May were around 2 cents lower than in mid-April, but with continued large direct purchases of shell eggs by the War Food Administration, exceptionally low prices have been eliminated in many areas.

The increase in egg prices from spring to fall is likely to be greater this year than it was in 1943. The course of chicken prices during the rest of 1944 will be influenced primarily by supplies of red meats available and by the ability of processing plants to handle seasonally heavy live poultry marketings. Unless the supply of red meats is greater than now appears probable for the remainder of the year, consumer demand for chicken is likely to be strong enough to absorb all prospective supplies of chicken at or close to retail ceiling prices.

The rate of egg production per bird in April was 1 percent lower than in April last year, but with more layers on farms about 4 percent more eggs were produced. Total egg production in the first 4 months of 1944 was 9 percent greater than a year earlier. The total egg output has passed the seasonal peak, and will decline until the seasonal low point is reached in November. The average price received by farmers for eggs in mid-April was 27.1 cents per dozen compared with 33.7 cents in April last year. The rate of culling among laying flocks in April was only slightly higher than the unusually low rate of a year earlier but probably will increase considerably relative to a year ago in the next few weeks.

The number of young chickens in farm flocks on May 1 was only 1.4 percent smaller than a year earlier. Most indications, however, point to a much smaller hatch for flock replacement in the May-July period this year than last.

FRUIT

Prices for fresh fruit, mostly citrus at this time of the year, are expected to continue strong, reflecting high consumer demand and the annual seasonal low in supplies of deciduous fruits.

Prices received by farmers for apples, oranges, and grapefruit, which had advanced from February to March, continued their advance into April. Prices received by farmers for apples on April 15, 1944 averaged \$3.17 a bushel, 10 cents higher than on March 15 and \$1.02 higher than on April 15, 1943. For oranges, equivalent on-tree returns for all methods of sale on April 15 averaged \$2.20 a box, 25 cents higher than a month earlier and 17 cents higher than a year earlier. Similar on-tree returns for grapefruit on April 15 averaged \$1.36 a box, 8 cents higher than a month earlier and 24 cents higher than a year earlier.

On the New York auction, prices for Florida oranges and grapefruit and California lemons advanced during the latter part of April and in early May. Increases for oranges and grapefruit were moderate, but the increase for lemons was \$2.00 a box, reflecting declining production prospects and increasing seasonal demand. Prices for apples, in short supply all season, continued at ceiling levels during April and early May.

Effective April 27, 1944, ceiling prices for fresh strawberries at all levels of sale have been established by the Office of Price Administration (MPR 426, Amendment 25; MPR 422, Amendment 16; MPR 423, Amendment 17). The maximum price per pound, f.o.b. country shipping point, for all States east of the 11 Western States is 29-1/2 cents from the beginning of the season through April 15, 24-1/2 cents from April 16 through May 1, and 21-1/2 cents from May 2 to the end of the season. For Washington and Oregon the comparable price is 18 cents for the entire season, and for the remaining Western States it is 26-1/2 cents. Strawberries are given a retail mark-up of 34 percent.

Rail and boat shipments of fresh fruit declined during April, and for the week ended May 6 totaled 5,033 cars, slightly fewer than for the corresponding week a year earlier. Shipments of citrus fruits continued steady during the past month, whereas those of apples and pears declined sharply, indicating the early close of the marketing season. During April and early May, carlot shipments of strawberries fluctuated around a level of about 100 cars a week in contrast to the movement last season, which started later but increased sharply during the latter part of April and in early May, totaling 431 cars for the week ended May 8, 1943.

Citrus fruits will continue to constitute the main supply of fresh fruit during May and June. Valencia oranges from Florida's large crop are now in peak supply, and Valencia oranges from California's big crop, which will provide most of the fresh oranges from July to October, are already becoming available. Supplies of apples and pears from storage are rapidly becoming exhausted. Supplies of fresh strawberries are expected to continue at a low level throughout the season. On the other hand, cherries should become available in late May, and apricots, peaches, and plums in early June.

The 1943-44 crop of citrus fruit (crop of 1943 bloom) is estimated at 6.9 million tons, based on May 1 conditions -- a new record large crop, 10 percent larger than the previous record crop last season. Compared with last season, the tonnage of oranges and tangerines is 17 percent larger this season, that of grapefruit 5 percent larger, but that of lemons is 14 percent smaller. In terms of boxes, this season's crop of oranges and tangerines is estimated at 104.3 million, that of grapefruit 53.1 million, and that of lemons 12.8 million.

Production of peaches in the 10 Southern peach States, based on May 1 conditions, is indicated at 13.9 million bushels, about 2-1/2 times the production last year but still 16 percent less than the 10-year (1933-42) average of 16.5 million bushels. The condition of this year's crop in these 10 States declined materially during April as a consequence of frosts during late March and early April. The May 1 condition of the California peach crop was 84 compared with 70 last year and 79, the 10-year average.

The California cherry crop is indicated to be 29,200 tons, as of May 1. This is 72 percent more than last year and 25 percent more than the 10-year average. Cherries in Washington and Oregon, and other deciduous fruits in California, were in generally good condition on May 1.

The 1944 crop of strawberries, indicated to be 5,441,000 crates based on May 1 conditions, is the smallest crop in more than two decades. The acreage for harvest is 44 percent smaller than the 10-year (1933-42) average acreage, and the yield per acre is 15 percent lower, resulting in a crop 52 percent smaller than the 10-year average and 23 percent smaller than the short 1943 crop. Production of 2,520,000 crates in the midspring States this year is 27 percent less than that of last year, and production of 2,102,000 crates in the late spring States is 17 percent smaller.

TRUCK CROPS

Prices for most of the fresh market truck crops strengthened during the latter part of April and in early May, principally because of decreasing supplies. The market probably will continue in this stronger position during the next few weeks, for supplies of most vegetables, although larger than in 1943, are expected to continue smaller than in late winter and early spring. Prices are expected to continue below the high level of a year ago.

The index of prices received by farmers for truck crops (unadjusted seasonally) was 220 for the first half of April 1944 compared with 242 a month earlier, and with 364 for April 1943. Prices, f.o.b., in representative shipping districts for the week ended May 6, compared with prices for the week ended April 15 (available only for 8 truck crops) were higher for beets, cabbage, carrots, celery, lettuce, and tomatoes (green wrap); about at the same level (ceiling prices) for new onions; and lower for snap beans. For other crops on which f.o.b. price data are not available, wholesale prices on the New York market for the week ended May 6 compared with prices for the week ended April 15, were higher for cauliflower, eggplant, green peas, and green peppers; about at the same level for spinach; and lower for asparagus, lima beans and cucumbers.

Prices during the first week of May this year compared with a year earlier were lower for all major truck crops with the exceptions of snap beans, carrots, eggplant, onions, green peas, and tomatoes, and were only moderately higher for these 6 crops. Larger supplies and specific price ceiling regulations placed in effect on certain truck crops account for the lower level of truck crop prices this year, compared with last. In early May, 7 of the 10 truck crops with specific price ceilings were selling at or near the ceiling levels.

Aggregate commercial production of spring season fresh market truck crops in 1944 now is indicated to be 1,686,000 tons -- 15 percent larger than for the spring season of 1943 and 12 percent above the 10-year (1933-42) average. It compares with a winter season production in 1944 of 1,391,389 tons, a tonnage exceeding that of the 1943 winter season by 36 percent. The acreage of fresh market spring season crops is 20 percent larger this year than last.

Increases in production from last year are indicated for most truck crops; exceptions are carrots, snap beans, lima beans, and beets. Indicated production of the principal fresh market spring crops in 1944 expressed as a percentage of the 1943 spring crops follows: Onions, 148 percent; cabbage, 121; lettuce, 121; tomatoes, 120; green peas, 110; celery, 111; spinach, 109; cauliflower, 106; asparagus (including processing), 102; beets, 89; snap beans, 78; and carrots, 65 percent.

Indicated acreages in 1944 of the summer fresh market truck crops for which reports are available, expressed as percentages of the harvested acreages in 1943 follow: Cabbage, 102 percent; cantaloups (early summer), 117; onions, 134; green peppers (early summer), 129; and watermelons, 143 percent. The early fall acreage of cabbage is indicated to be 25 percent larger in 1944 than in 1943.

Fresh market supplies of vegetables are expected to continue relatively plentiful during the next few weeks, but probably will decline somewhat from the level of late April and early May. Carlot shipments of these vegetables totaled 7,764 cars for the week ended May 6. This compares with 6,909 cars for the corresponding week of April. The increase in carlot shipments from early April to May was mainly in carrots, new onions, tomatoes, and lettuce. Carlot shipments of most other truck crops declined.

Processors' reports on intended plantings of vegetables for processing indicate an aggregate acreage about 3 percent larger than that planted in 1943 and almost one-half again as large as the 10-year (1933-42) average. These intentions may be modified before plantings are made and should not be interpreted as actual planted acreages. However, if the indicated acreage is planted, normal abandonment occurs, and yields are in line with the 1938-47 average, production of vegetables for processing may be as much as 10 percent larger than last year's. Intended plantings of the 4 major processing crops as percentages of the 1943 planted acreages follow: Green peas, 102.5 percent; snap beans, 96.1 percent; sweet corn, 101.5 percent; and tomatoes, 104.4 percent.

To encourage maximum production, prices of 9 major processing crops will be supported by the Government. Support prices for 1944 are about at the same levels for the United States as those in 1943 except for small increases in the prices for lima beans, tomatoes, and green peas. Prices for spinach will be supported for the first time this year. Support will be effectuated through price-supporting contracts by certified canners with growers, and through the acceptance by the War Food Administration of all quantities of the 1944 canned packs of these products offered to it by certified canners.

POTATOES

Farmers in the United States received an average of \$1.37 a bushel for potatoes, April 15, 1944, the same as a month earlier but about 18 percent less than a year earlier, when supplies were short. Since mid-April, prices for old-stock potatoes, f.o.b. country shipping points, advanced sharply in surplus late States, reflecting principally a decline in excess stocks of old potatoes and hence a closer adjustment of supplies to demand. In Maine, for example, the price per 100 pounds for U. S. No. 1 potatoes advanced from \$2.20 for the week ended April 22 to \$2.74 for the week ended May 6.

Prices at country shipping points for new-stock potatoes declined sharply during the first half of April and then, largely because of considerably reduced prospects for early potatoes in several States, particularly in Florida and Alabama, advanced strongly, matching the upward movement of prices for old-stock potatoes. For example, the price per 100 pounds for U. S. No. 1 Katahdin potatoes at Hastings, Florida, advanced from \$2.50 for the week ended April 22 to \$4.00 for the week ended May 6.

Although potato supplies continue plentiful, an increasing fraction of the volume moving to market consists of new potatoes. Nearly two-fifths of the total rail and boat movement for the week ended May 6 was composed of new potatoes in contrast to nearly one-tenth for the week ended April 8. Carlot shipments for the week ended May 6 totaled 5,571 cars, nearly 2-1/2 times the number for the corresponding week a year earlier.

Production of commercial Irish potatoes in the late spring States, which normally provide the bulk of the potato supply in late May and June, is indicated to be 31.2 million bushels, 9 percent less than in 1943 but 47 percent more than the 10-year (1933-42) average. The indicated acreage in the summer States, 129,850 acres, is 4 percent smaller than last year, but 1.5 percent larger than the 10-year average.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	1943		1944			
		Year	Apr.	Jan.	Feb.	Mar.	Apr.
Industrial Production <u>1/</u>	: 1935-39 :						
Total	: = 100 :	239	237	243	244	242	240
All manufactures	: " :	258	256	261	262	260	258
Durable goods	: " :	360	356	368	368	367	362
Nondurable goods	: " :	176	175	175	177	175	174
Minerals	: " :	132	131	139	143	139	139
Construction activity <u>1/</u>	: 1935-39 :						
Contracts, total	: = 100 :	123	110	96	78	70	66
Contracts, residential	: " :	98	81	71	52	42	44
Wholesale prices <u>2/</u>	: 1935-39 :						
All commodities	: = 100 :	128	129	128	129	129	129
All commodities except farm and food	: " :	119	119	120	121	121	121
Farm products	: " :	161	163	160	161	163	162
Food	: " :	135	137	133	132	132	133
Prices received and paid by farmers <u>3/</u>	: 1910-14 :						
Prices received, all prod.	: = 100 :	193	197	196	195	196	196
Prices paid, int. and taxes	: " :	164	162	169	170	170	170
Parity ratio	: " :	117	122	116	115	115	115
Consumer expenditures <u>4/</u>	: 1935-39 :						
Total	: = 100 :	155	151	164	---	---	---
Cost of living <u>5/</u>	: 1935-39 :						
Total	: = 100 :	124	124	124	124	124	125
Food	: " :	138	141	136	135	134	135
Nonfood	: " :	116	115	118	118	118	119
Income	: 1935-39 :						
Nonagricultural payments <u>4/</u>	: = 100 :	207	202	222	225	224	---
Cash farm <u>3/</u>	: " :	242	261	264	279	273	---
Income of Industrial Workers <u>5/</u>	: 1935-39 :	305	300	319	321	318	---
Factory payrolls	: = 100 :	337	330	349	349	345	---
Weekly earnings of factory workers <u>5/</u>	: Dollars :						
All manufacturing	: " :	43.16	42.48	45.25	45.54	---	---
Durable goods	: " :	49.32	48.67	51.32	51.48	---	---
Nondurable goods	: " :	34.12	33.58	35.91	36.33	---	---
Employment	: :						
Total civilian <u>6/</u>	: Million :	52.5	51.6	50.4	50.3	50.5	51.3
Employees in nonagri. est. <u>5/</u>	: Thous. :	39,677	39,708	38,837	38,707	38,550	38,383
Farm <u>3/</u>	: " :	10,263	9,308	8,202	8,303	8,562	9,080
Government finance (Federal) <u>7/</u>	: Mil. Dol. :						
Receipts, net	: " :	2,879	1,514	2,747	2,503	6,573	3,087
Expenditures	: " :	7,340	7,466	7,570	7,862	8,525	7,859

Sources: 1/ Federal Reserve Board; converted to a 1935-39 base. 2/ U. S. Dept. of Labor, B.L.S. 3/ U. S. Dept. of Agriculture, B.A.E. To convert prices received and prices paid, interest and taxes to 1935-39 base, multiply by .93110 and .77640 respectively. 4/ U. S. Dept. of Commerce. 5/ U. S. Dept. of Labor, B.L.S. 6/ U. S. Dept. of Commerce, Bureau of the Census. 7/ U. S. Dept. of Treasury. Data for 1943 are on average monthly basis.



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